

## Message Text

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67

ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 AID-20 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

SCEM-02 L-03 H-02 PA-03 PRS-01 USIA-12 INT-08 RSR-01

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R 311933 Z MAY 73

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 1105

UNCLAS OTTAWA 1268

E. O. 11652: N/A

TAGS: ENRG, ETRD, CA, US

SUBJECT: PETROLEUM: POSSIBLE EXPORT CONTROLS ON PRODUCTS

REF: OTTAWA 1206 AND 1139

SUMMARY. IN HOUSE OF COMMONS QUESTION PERIOD MAY 30, NEW DEMOCRATIC PARTY (NDP) MEMBERS CONTINUED TO PRESS GOC TO IMPOSE EXPORT CONTROLS ON GASOLINE. OUTSIDE THE HOUSE, MINISTER OF ENERGY, MINES AND RESOURCES (EM&R) MACDONALD TOLD REPORTERS THAT EXPORT SHIPMENTS WILL BE WATCHED MOST CLOSELY SO THAT, IF NECESSARY, CONTROLS COULD BE IMPOSED IN MID- JUNE. END SUMMARY.

1. IN HOUSE MAY 30, MACDONALD-- ON DEFENSIVE-- ADMITTED TO FORMER NDP LEADER DOUGLAS THAT GASOLINE EXPORTS, UP SHARPLY FROM NEGLIGIBLE BASE, ROSE IN APRIL TO RATE OF 17,000 BARRELS PER DAY (B/D) RATHER THAN DECLINING TO 10,000 B/D AS HE HAD STATED EARLIER.

2. PRESSED ON PROBLEMS OF INDEPENDENT RETAILERS, MACDONALD TOLD DOUGLAS THAT BASIC PROBLEMS OF INDEPENDENTS WERE INABILITY TO BUY LOWER COST GASOLINE ABROAD AS HAS BEEN THEIR PRACTICE, AND FACT  
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THEY NOW MUST PAY GOING CANADIAN PRICE. HOWEVER, MACDONALD SAID, GOC EXPECTS CANADIAN INDUSTRY TO " MEET DEMANDS OF CANADIAN MARKET AND IF THEY FAIL TO DO SO WE WILL PUT ON EXPORT CONTROLS".

3. GOC HAS BEEN UNDER STRONG PRESSURE FROM NDP FOR SEVERAL WEEKS TO CONTROL PRODUCT EXPORTS. MINISTER MACDONALD HAS DENIED THAT PRODUCT EXPORTS ( MAINLY BASED ON OVERSEAS CRUDE) HAVE BEEN EVASION OF CONTROLS ON CRUDE EXPORTS. IN HOUSE DEBATE MAY 28 ON " SUGGESTED IMPOSITION OF ( EXPORT) CONTROLS ON PETROLEUM PRODUCTS," NDP ALSO ADVOCATED " TWO PRICE SYSTEM" FOR DOMESTIC AND EXPORT SALES AND ABOLITION OF " OTTAWA VALLEY LINE" WHICH NOW SEPARATES MARKETING AREAS FOR PRODUCTS REFINED FROM DOMESTIC AND IMPORTED CRUDE OIL.

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* UNCLASSIFIED

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